



Australian Bureau of Statistics

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Summary

Property driving rise in over-indebted households (Media Release)

MEDIA RELEASE

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Property driving rise in over-indebted households

Average household debt has almost doubled since 2003-04 according to the latest figures from the Survey of Income and Housing, released by the Australian Bureau of Statistics (ABS).

ABS Chief Economist Bruce Hockman said average household debt had risen to \$169,000 in 2015-16, an increase of \$75,000 on the 2003-04 average of \$94,000.

“Around one-in-four households with debt – 27 per cent – had debt equal to three or more years’ worth of their disposable household income in 2015-16,” Mr Hockman said.

“A further two per cent of households held debt equal to three-quarters or more of the value of their households’ assets. Based on either of these comparisons, around three-in-ten of households with a debt (29 per cent) in Australia are considered to be ‘over-indebted’.”

Growth in debt has outpaced income and asset growth since 2003-04. Rising property values, low interest rates and a growing appetite for larger debts have all contributed to increased over-indebtedness. The proportion of over-indebted households has climbed to 29 per cent of all households with debt in 2015-16, up from 21 per cent in 2003-04.

Just under half of all households with a mortgage were over-indebted in 2015-16. Younger property owners in particular have taken on greater debt. Three-in-five households (62 per cent) headed by a 25-34 year-old, and one-in-two (51 per cent) of 35-44 year-old households who held a property loan were over-indebted.

“Nearly half of our most wealthy households (47 per cent) who have a property debt are over-indebted, holding an average property debt of \$924,000. This makes them particularly susceptible if market conditions or household economic circumstances change,” explained Mr Hockman.

Perth was one of our most over-indebted capital cities. Over half (55 per cent) of Perth property owners were over-indebted, and owed on average \$574,000 per household in property debt.

However, Darwin was the capital city with the highest rate of over-indebtedness among

property owners at 69 per cent. Darwin households held on average \$581,000 in total property debt.

Sydney and Melbourne had the highest actual number of property owners who were over-indebted. Over-indebted households with a property in Sydney owed an average of \$765,000, which was \$269,000 more than the average property debt of their Melburnian counterparts.

Media notes:

- All estimates are in 2015-16 dollars. 2003-04 estimates have been adjusted using the Consumer Price Index.
- Income, wealth and housing data are from the 2015-16 Survey of Income and Housing – abs.gov.au/household-income (cat. no. 6523.0).
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